

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 AGRE-00 /086 W
-----093455 181217Z/11

O R 181140Z FEB 78
FM AMEMBASSY ANKARA
TO AMEMBASSY PARIS NIACI IMMEDIATE
INFO AMCONSUL ADANA
AMCONSUL ISTANBUL
AMCONSUL IZMIR
SECSTATE WASHDC 743

C O N F I D E N T I A L ANKARA 1320

USOECD

USOECD FOR WINDER
SECSTATE PASS TO TREASURY

E.O. 11652: GDS
TAGS: EFIN, IMF, TU
SUBJECT: TURKISH EXTERNAL DEBT

REF: STATE 42958

11. AYSEL OYmen, DIRECTOR GENERAL OF TREASURY
FOR FOREIGN FINANCING, PROVIDED ECON/COM COUNSELOR
FEBRUARY 14 WITH GOT ESTIMATE OF ITS SHORT-TERM
DEBT, READING FROM OFFICIAL LISTING AS SHE DID SO.
FOLLOWING ARE OYmen's FIGURES:

US \$BILLIONS

1. SUSPENDED TRANSFERS FOR 2.7 OR 2.8
IMPORTS
A. IMPORTS ALREADY ENTERED 1.3

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B. IMPORTS ORDERED BUT
NOT ENTERED 1.4 OR 1.5
2. CONVERTIBLE LIRA DEPOSITS
OUTSTANDING 2.0
3. BANK CREDITS TO CENTRAL BANK .600
4. PETROLEUM .250
5. ACCEPTANCE CREDITS .600

6. OVERDRAFTS OF CENTRAL BANK .150

7. DRESDNER BANK CREDIT .090

TOTAL 6.490

2. COMMENT. ALL OF THE DEBT LISTED ABOVE WILL NOT COME DUE IN 1978. GOT ESTIMATES THAT CONVERTIBLE LIRA DEPOSITS (CLD'S) AMOUNTING TO \$1,050 MILLION WILL BE DUE THIS YEAR, FOR EXAMPLE.

3. THE FIGURE OF \$1.3 BILLION ABOVE REPRESENTS IMPORTS ALREADY IN THE COUNTRY WHICH, THEORETICALLY, HAVE NOT YET BEEN PAID FOR. HOWEVER, OY MEN ESTIMATES THAT ABOUT \$500 MILLION OF THIS AMOUNT HAS ALREADY BEEN PAID OUTSIDE TURKEY THROUGH USE OF BLACK-MARKET FUNDS.

CENTRAL BANK SOURCE CONSIDERS THAT BLACK-MARKET PAYMENTS FOR IMPORTS FOR WHICH FOREIGN-EXCHANGE TRANSFERS ARE PENDING ADD UP TO BETWEEN \$500 MILLION AND MAXIMUM OF \$1 BILLION. VISITING U.S. BANKERS WITH WHOM WE HAVE TALKED, TEND TO AGREE THAT REAL FIGURE MAY BE ON HIGH SIDE OF THAT RANGE.

4. CENTRAL BANK SOURCE ALSO INDICATED THAT BANK HAS AUTHORIZED TRANSFERS FOR IMPORTS AMOUNTING TO ABOUT \$250 MILLION FOR WHICH FUNDS ARE NOT AVAILABLE FOR PAYMENT FROM ITS OVERSEAS ACCOUNTS.

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5. WHILE \$1.4 - 1.5 BILLION IN ITEM 1B ABOVE CAN BE ARGUED NOT TO BE OFFICIAL DEBT OF TURKISH GOVERNMENT SINCE CENTRAL BANK HAS NOT YET ORDERED THE TRANSFERS, THIS AMOUNT IS NEVERTHELESS A DEBT OF TURKS TO FOREIGNERS IN IMPORTANT RESPECTS. CONTRACTS HAVE BEEN SIGNED FOR GOODS IN THIS CATEGORY AND EXPORTERS HAVE UNDERTAKEN EXPENDITURES TO MEET THEM. FOR EXAMPLE, AMERICAN COMPANY WHICH MANUFACTURED GOODS TO SPECIAL TURKISH SPECIFICATIONS IS AWAITING PAYMENT BEFORE SHIPPING; GOODS, MEANWHILE, ARE TYING UP OPERATING CAPITAL OF THE COMPANY.

6. LOCAL CITICORP REPRESENTATIVE RECENTLY INFORMED US THAT 230 BANKS HOLD \$1.692 BILLION OF THE OUTSTANDING CLD'S. TWENTY-TWO OF THEM HOLD 52 PERCENT OF THIS AMOUNT. CORPORATIONS AND INDIVIDUALS HOLD THE REMAINDER. CENTRAL BANK SOURCE SAID THAT TURKEY'S CURRENT ARREARAGES ON CLD REPAYMENTS ARE \$300-400 MILLION.

SPIERS

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NNN

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Disposition Reason:
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